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EXHIBIT E

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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

SOUTHERN DIVISION

ACACIA MEDIA TECHNOLOGIES CORPORATION, Plaintiff, v. NEW DESTINY INTERNET GROUP, ET AL., Defendants.	Case No. SA CV 02-1040 JW (MLGx) **Consolidated Cases:** SA CV 02-1165-JW (MLGx) SA CV 03-0218-JW (MLGx) SA CV 02-1048-JW (MLGx) SA CV 03-0219-JW (MLGx) SA CV 03-0308-JW (MLGx) SA CV 03-0271-JW (MLGx) SA CV 03-0259-JW (MLGx) SA CV 02-1063-JW (MLGx) **Related Cases:** SA CV 03-1801 JW (MLGx) SA CV 03-1803 JW (MLGx) SA CV 03-1804 JW (MLGx) SA CV 03-1807 JW (MLGx)
AND REFERENCED CONSOLIDATED AND RELATED CASES	**DEFENDANTS' RESPONSIVE CLAIM CONSTRUCTION BRIEF REGARDING UNITED STATES PATENT NO. 6,144,702** Date: May 18-20, 2004 Time: 9:30 a.m. Ctrm: 9C

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I. INTRODUCTION

Defendants respectfully submit this brief in opposition to Acacia's proposed Markman constructions for the '702 patent.

Having asserted its patents against plainly non-infringing technology—the routine transmission of compressed video and audio over the Internet—Acacia's latest claim construction brief continues its pattern, born out of necessity, of treating its patent claims as the proverbial "nose of wax." In its brief, Acacia proffers a view of the '702 patent that, if adopted, would require this Court to variously: 1) eliminate or change words in the claims (e.g., changing "at a first location" to "at one or more locations"); 2) equate the term "sequence encoder" with "time encoder," despite the inventors never having used the former, while having repeatedly used the latter; and 3) violate decades-old Supreme Court precedent against the use of "functional claiming."

This Court should reject Acacia's approach to claim construction. As just one stark example of the lengths to which Acacia will go to achieve a desire result, we note that with respect to the phrase "sequence encoder" in the '702 patent and the "ordering means" limitation of the '992 patent, Acacia posits an argument that is the precise opposite of arguments advanced to the European Patent Office about the European counterpart patent to the patents-in-suit. Whereas here, Acacia contends that the "invention" of the '992 and '702 patents was limited to "time encoding" and that it would be "impossible" to draw any other conclusion from the patent specification, at the EPO, the inventors took a decidedly different view:

> Whilst it is true that data may be time stamped, this is only stated to be a preferred embodiment (page 12, line 34). The skilled reader would be able to envisage other means of encoding the data such that "ordering means" could rearrange or shuffle it into a sequence of addressable data blocks. Indeed, it may not even be necessary to encode the data at all. All that is necessary, and as is defined in the claim, is that the ordering

> means places the formatted data into a sequence of addressable data blocks. We believe that part of the objection arose from the fact that the claims specified "ordering means" which was erroneously labeled "(114)". This is incorrect – the ordering means may simply include, in the preferred form, the time encoding (114).

(Miller Decl., Ex. OO at 136.)

We urge the Court not to let Acacia dispense with these and other statements made by the inventors in favor of its result-driven approach devised a decade after the fact. Defendants respectfully request that the Court construe the claims consistent with the intrinsic evidence as set forth herein.

II. ARGUMENT

A. "a transmission system at a first location in data communication with a reception system at a second location"

1. The Court Should Apply the Agreed-Upon Definition of "transmission system" and "reception system" and Should Not Redefine the Terms to Include People.

As set forth in Defendants' opening brief, the construction of "transmission system" is simple and straightforward. The IEEE dictionary defines "transmission system" as "an assembly of elements capable of functioning together to transmit signal waves." (Ex. NN at 575.) This definition is consistent with the term's use in the claims, written description, and prosecution history of the '702 patent. Accordingly, "transmission system" may be given the common dictionary meaning. *ACTV, Inc. v. Walt Disney Co.*, 346 F.3d 1082, 1091 (Fed. Cir. 2003).

Acacia does not dispute the propriety of the agreed-upon IEEE definition, as it was also used by Acacia to form its proposed construction. (*See* Pl.'s Br. at 14.) Rather, Acacia newly contends that the Court must further define the term "elements" employed in the IEEE definition of "transmission system" to include "people, machines, and methods," through the use of a separate cherry-picked definition of the word "system" (divorced from the phrase "transmission system").[1] (*Id.*) The Court should reject this approach.

At the outset, there is no need for the Court to define the term "elements" within the agreed-upon definition of the phrase "transmission system"—the claims of the '702 patent all provide elements of the claimed transmission system. Each of the '702 patent claims recite the phrase "wherein said transmission system comprises" and proceed to list the claimed elements of the transmission system. Accordingly, the Court need not define the "assembly of elements" in the IEEE definition—the claims already do it.

But this entirely proper approach does not suit Acacia's needs because this construction of "transmission system" does not include humans, which Acacia needs to get into the claims, not for the '702 patent, but for the '992 patent. Put simply, the construction offered by Acacia is a back-door effort to convince the Court to put human beings into the claims of the '992 patent. As part and parcel of this effort, Acacia devises a theory to incorporate a definition for "system" into the construction of 'transmission system" so that the latter may include humans. This theory, to the extent it can be understood, goes something like this:

- In the IEEE dictionary, the term "system" has 19 different definitions relating to various fields in the electronic arts. One of these definitions—the tenth definition relating to software—includes an unexplained reference to humans. It provides: "a collection of people, machines, and methods organized to accomplish a set of specific functions." (Block Decl. Ex. 11 at 1329.)

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[1] Acacia's construction is plainly an attempt to support its infringement theory under the '992 patent, which is dependent on human beings providing corresponding "structure" to "means" limitations in claim 1 and performing certain steps of method claims (claim 41) that the claims expressly state must be performed by a "transmission system." Even putting aside the legal impropriety of these arguments, addressed in detail in Defendants' previous briefs and argument, the patentees disclaimed "manual" transmission systems—to the extent such a thing even exists—in their arguments over the Fenwick reference. (*See* Ex. B at 159.)

- The IEEE definition of "transmission system" requires that a transmission system include a number of "elements."
- "Elements" are "machines and methods." (Pl.'s Br. at 14.)
- Because the patent specification states that a system operator interacts with the system to perform certain processes, the "elements" of the transmission system must include a person, as opposed to simply operating the way the patent states—via, in part, human interaction—which is no different than the way most apparatuses or systems operate. *Compare Overhead Door Corp. v. Chamberlain Group, Inc.*, 194 F.3d 1261, 1270 (Fed. Cir. 1999) (noting that a mechanical switch would necessarily require a human operator).
- Accordingly, the term "elements" in the IEEE definition of "transmission system" must be "further defined by the definition of 'system,' which elaborates on the meaning of elements to include 'people, machines, and methods.'" (Pl.'s Br. at 14-15.)

This approach to claim construction—devising a construction to suit an infringement theory, cherry-picking definitions, and crafting ambiguity where it does not exist—is manifestly improper and demonstrates again the result-oriented approach to claim construction proffered by plaintiff.

Indeed, we note that this approach is driven solely by Acacia's wish to have human beings be a part of the claimed transmission system, and not by any genuine ambiguity in the claims. But, to date, Acacia has not been able to cite a single case where a human was construed to be a structure. Beyond the myriad of other reasons cited by defendants, the reason for its failure is further evident from 35 U.S.C. § 101, which defines a patentable subject matter. Section 101 provides:

> Whoeover invents or discovers any new or useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefore, subject to the conditions and requirements of this title.

The transmission systems of the '992 and '702 patents are clearly not directed to compositions of matter or to a process (method). Consequently, the claims must fall under the category of a "machine" or "manufacture" to be patentable. Not even Acacia would dispute the fact that human beings are not machines or items of manufacture.

For these reasons, the terms "transmission system" and "reception system" should not be construed to include human beings as structure. The Court should construe "transmission system" to mean an assembly of elements that function together to transmit electrical signals, and should construe "reception system" to mean an assembly of elements that function together to receive electrical signals from the transmission system.

2. The Claims are Clear that the Transmission System Is Located "at a first location," the Reception System Is Located "at a second location," and They Are Not At Multiple Locations.

Every claim of the '702 patent recites a "transmission system at a first location in data communication with a reception system at a second location." The parties agree that this limitation requires the location of the transmission system be different from the location of the reception system. The dispute centers around where the transmission and reception systems are located. Acacia wrongly contends that the transmission system, and presumably the reception system, "may be located in one facility or spread over a number of facilities." (Pl.'s Br. at 15.) Acacia's construction ignores the clear language of the claims and the inventors' express definition of the term "location."

The claim language requires that the transmission system be "at a first location" and the reception system be "at a second location." Notably, the claim uses the singular form of the term "location" and not the plural form "locations." It also specifies that the transmission systems is "at" "a first location," while the receiving system is "at" "a second location."

Accordingly, the claim language requires that the systems be at one (singular) location. After giving lip-service to the truism that "the Court must begin with the claim itself," *see* Pl.'s Br. at 12, Acacia simply ignores the claim language—failing to mention the word "at" in its entirety—and instead looks to the dictionary definition of "transmission system," and magically concludes that the definition "is unclear as to where the elements of the transmission system may be located." (*Id.* at 15.) Based on this false premise, Acacia turns to the patent specification and asserts that "the transmission system may either be located at one facility or may be spread over a plurality of facilities." (*Id.*)

But under Acacia's construction, the systems are not required to be "*at* a first *location*" or "*at* a second *location*" as stated in the claims. The claim limitation is satisfied so long as the transmission system is at any of a number of "facilities" that are different from the reception system "facilities." Such a construction effectively reads out the claim limitation at issue and is legally impermissible. *Ethicon Endo-Surgery, Inc. v. U.S. Surgical Corp.*, 93 F.3d 1572, 1582 (Fed. Cir. 1996); *Exxon Chemical Patents, Inc. v. Lubrizol Corp.*, 64 F.3d 1553, 1557 (Fed. Cir. 1995) (recognizing that "[w]e must give meaning to all the words in [the] claims"). Moreover, it reads back into the claims the ability of the transmission and reception systems to be at more than one location, which was disclosed in the patent specification, but was not claimed—and consequently—dedicated to the public. *See Johnson & Johnson Assoc., Inc. v. R.E. Services*, 285 F.3d 1046, 1054 (Fed. Cir. 2002).

Likewise, Acacia's definition of "location," which is essentially one or more facilities, conflicts with the meaning of the term given both in the patent and during the prosecution of the '720 patent. The applicants equated a "premises" with a "location" in distinguishing the Walter patent in the background of the patent. ('702 patent at 1:30-37.) Later, in response to a rejection by the examiner during the prosecution of the '720 patent, the applicants reaffirmed the meaning given to the term in the patent by stating that "Applicants have used the term "location" to refer to a premises, rather than merely a space in a particular structure." (Ex. HH at 440.) Thus, "location" should be construed to be a premises and not one or more facilities.

Accordingly, the Court should construe the phrases "at a first location" and "at a second location" to mean that the transmission system is located within (or "at") a single premises, while the reception system is located within (or "at") a single, different premises than the transmission system.

3. The Court Should Construe "in data communication with" to Mean Connected To Allow the Transfer of Electrical Signals.

For its construction of "data communication," Acacia adopts the first definition for the term in the IEEE dictionary, which is "the movement of encoded information by means of communication techniques." (Pl.'s Br. at 16-17.) Although the IEEE dictionary provides guidance, the definition is not particularly useful because it provides less clarity than the phrase "in data communication with." Instead, it introduces new terms and phrases that convey almost no meaning, such as the phrase "by means of communication techniques." This phrase could conceivably cover any form of communication available—even sending "encoded information" via the United States Postal Service.

As set forth in Defendants' opening brief, all forms of "communication" described in the patent involve the exchange of electrical signals. Accordingly, the limitation "in data communication with" should be construed to mean connected to allow the transfer of electrical signals.

B. The Limitation "identification encoder" Is Functional and Lacks Corresponding Structure in the Specification.

Far from saving this term from the validity problems identified by Defendants in connection with the '992 patent, Acacia's proposed construction of "identification encoder" only amplifies these concerns and firmly establishes that the term is purely functional and does not connote structure. The claims that employ this limitation are invalid as indefinite for failing to identify corresponding structure in the patent specification pursuant to 35 U.S.C. § 112, ¶ 6.

1. The Dictionary Definitions of "Encoder" Cited By Acacia Do Not Connote Structure.

The patent specification does not describe what an "identification encoder" is or how it performs the functions set forth in the claims of the '702 patent. The reason is simple. The term was coined by the named inventors to describe the function being performed—the "identification encoding process." ('702 patent at FIG. 2a, element 112.)

In the absence of any disclosure of structure in the patent, Acacia looks to a variety of dictionary definitions of "encoder" and "encode" to concoct structure to satisfy the requirements of § 112, ¶ 2. Not only do Acacia's proffered definitions fail to provide structure, they actually confirm that the term "encoder" is functional, and thus cannot rescue the claims.

As it did during the construction of the "identification encoding means" limitation of the '992 patent, Acacia cites the IEEE dictionary, which defines "encoder" as "a device or system that encodes data." (Pl.'s Br. at 24.) As set forth in Defendants' brief, "device" and "system" are generic structural terms that are not a sufficient recitation of structure. *Personalized Media Communications, LLC. v. ITC*, 161 F.3d 696, 704 (Fed. Cir. 1998) Apparently now accepting this fact, Acacia abandons the construction of "identification encoder" that it advanced during the construction of the '992 patent—"a *device* capable of expressing a number, symbol, or name that uniquely identifies certain information—and now turns to a new dictionary and new "structure" in a strained effort to save its claims: the *Dictionary of Computing*.

At the outset, we note that there has been no showing that the specialized *Dictionary of Computing* is proper evidence for the Court to use. The patent specification makes no reference to software or computers with respect to the "identification encoder." But even if employed, the newly cited *Dictionary of Computing* is of no help. This dictionary sets forth two definitions of "encoder." The first definition, which Acacia has adopted in part, states that an "encoder" is "the means by which an encoding process is affected (*see* code). It may be implemented in hardware or software, the process being algorithmic in nature." (Block Decl. Ex. 14 at 155.) This definition introduces two generic structural terms, "means" and "hardware," that are not connotative of any particular structure—these words are simply the same as "device." *Personalized Media*, 161 F.3d 704. The definition also recites the term "software," which Acacia has incorporated into its construction and relies on for structure. However, the inclusion of the word "software," standing alone, does not provide any more structure than the terms "device" and "system."

The term "software" has no structural meaning separate from the algorithm that it embodies. *WMS Gaming, Inc. v. Int'l Game Tech.*, 184 F.3d 1339, 1349 (Fed. Cir. 1999) (stating that a general purpose computer executing software is not permissible corresponding structure, rather the computer with the associated algorithm is required); *Overhead Door*, 194 F.3d at 1271-73 (noting software algorithm in FIG. 3 of the patent as corresponding structure). Indeed, as the definition in the *Dictionary of Computing* explains, and as Acacia conveniently leaves out, the encoding process is "algorithmic in nature." (Block Decl. Ex. 14 at 155.) Without the disclosure of an associated algorithm, "software" does not connote any structure at all.

A review of the patent claims and specification demonstrates that no algorithm is disclosed. The term "identification encoder" is found in claims 1, 5, 6, 17, 19, 27, and 31 of the '702 patent. Some of the claims recite the function being performed by the "identification encoder." The function recited in the claims is not an algorithm. Other claims specify only the other claim elements with which the "identification encoder" is in "data communication," and thus also fail to provide an algorithm. The specification fares no better—it restates the function of the "identification encoder," but does not describe how the function is performed. Because the patent does not recite an algorithm, the term "software," which itself is not in the patent, but only in the new dictionary found by Acacia, cannot satisfy the structural limitation. Absent some non-functional limitation to the software in the patent specification—and no one has identified one to date—the definition is of no help to Acacia.

Accordingly, an "encoder" is a generic term not connotative of any particular structure, and redefining it as "hardware or software" is no better. Similarly unpersuasive is Acacia's resort to the definition of the word "encode," a clearly functional term. As noted by Acacia, the IEEE dictionary provides four definitions of the term "encode." (Pl.'s Br. at 24.) In turn, Acacia creates four "ordinary meanings" of identification encoder by sticking the phrase "a device or software capable of" before each of the dictionary definitions. (*Id.* at 24-25.) According to Acacia, "there are multiple definitions for 'encode' (and therefore multiple definitions for 'encoder')." (*Id.* at 25.)

But this argument only serves to prove Defendants' point—that the term "encoder" has no meaning outside of its function. Depending on what function the encoder is to perform, the "encoder," according to Acacia, would have a different "structure." But this is precisely what the bar against functional claiming is designed to prevent—the claiming of all devices that perform a particular function, as opposed to the more narrow claiming style permitted under 35 U.S.C. § 112, ¶ 6. Given the complete lack of any structure in the patent specification—hardware or software—the claim term fails.

2. Acacia's Ultimate Definition of "identification encoder"–"any device or software capable of expressing the identification of an item in terms of a code"–Is Purely Functional.

After creating the four "ordinary meanings" for "identification encoder," without explanation, Acacia excludes three of the "ordinary meanings" and selects the first definition of encode, which is "to express a single character or a message in terms of a code."[2] (*Id.*) Using this definition of "encode," Acacia construes the "identification encoder" as "a device or software capable of expressing the identification of an item in terms of a code."[3] (*Id.*)

Again, this is purely functional claiming—the word "device" is no different than the word "means," and, absent some limiting algorithm, the term "software" is generic as well, even were the Court to grant that "software" is supported by the patent specification, which it is not. As noted before by Defendants, the only mention of the term "software" in the patent specification is the now oft-argued source material library utilization software, which even Acacia does not claim is linked to the function of the "identification encoder."

Indeed, applying Acacia's claim construction methodology to the other functions allegedly performed by the "identification encoder" provides even further proof that the term has no well-understood meaning connotative of structure. Acacia's construction of "identification encoder" is a device or software that encodes a unique identification code. (*Id.*) But the claims of the '702 patent indicate that it does more than that. The claims also require the "identification encoder" to "allow entry of a popularity code." Indeed, claim 6 requires that the "identification encoder" perform both functions.

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[2] In its Opposition Brief for the '992 patent, Acacia defined "identification encoder" using one of the excluded definitions "to apply the rules of a code." (Pl.'s Opp'n Br. at 24.) Apparently, the meaning of "identification encoder" in the '702 patent is different from its meaning in the '992 patent.

[3] The patent does not disclose a single embodiment of this in the patent specification. Were the Court to adopt such a construction, the claim would clearly be invalid for lack of enablement. *Durel Corp. v. Osram Sylvania, Inc.*, 256 F.3d 1298 (Fed. Cir. 2001) ("to be enabling, the specification must teach those skilled in the art how to make and use the *full scope* of the claimed invention without undue experimentation.")

Under Acacia's theory, merely placing the function before the word "encoder" creates a well-understood "structure" that is distinguished by the particular function performed. Thus, if Acacia's theory holds together, in view of the '702 patent, one of skill in the art must understand that the term "popularity encoder" connotes a "structure" identical to the term "identification encoder," since the same structure, the "identification encoder," allows entry of both a "unique identification code" and "a popularity code." (*Compare* claims 1 and 6.) The patent specification also refers to the process of assigning a unique identification code and popularity code as "storage encoding." ('702 patent at 6:35-39.) Thus, under Acacia's theory, the term "storage encoder" must also bring to mind the identical "structure" to one of skill. Yet, the functional word that precedes "encoder" in each term states a different function, and under Acacia's main theory, would connote different "structure."

Under Acacia's flawed reasoning, any functional word found in the patent, or even terms that are not used in the patent (*see* "sequence encoder), could be placed in front of the word "encoder" to define a structure. Such a result is impermissible. Absent some limiting structure in the patent specification—either actual hardware or a software algorithm—that allows the term to be construed under 35 U.S.C. § 112, ¶ 6, the use of the generic term "identification encoder" is not permitted under the Patent Act. Because there is no corresponding structure to this functional term, the "identification encoder" claim limitation fails.

C. Acacia's Proposed Construction of "sequence encoder" Further Demonstrates that the Limitation Is Functional and Indefinite.

During discovery, Acacia construed the term "sequence encoder" to mean "a device capable of translating data into a defined set of symbols." (Miller Decl., Ex. PP at 452.) Acacia advanced this construction despite the fact that "sequence encoder" is not used in the patent and has no well-understood meaning connotative of structure. Recognizing that the functional term "sequence encoder" either cannot satisfy the definiteness requirement or, as is conceded in its brief, is not enabled to its full scope, Acacia now takes a different position. Citing a recent Federal Circuit decision, *Phillips v. AWH Corp.*, 2004 U.S. App. LEXIS 6758 (Fed. Cir. April 8, 2004),[4] Acacia advances a new construction in which the term "sequence encoder" is replaced with "time encoder." (Pl.'s Br. at 24.) The Court should not indulge Acacia's request to rewrite the claims to preserve their validity. The Court should construe the claims as written and find claims 1, 17, 18, and 32 invalid pursuant to § 112, ¶ 2. Further, the Court should construe dependent claims 7 and 33 in accordance with the algorithm of the "time encoder" set forth in the patent's specification.

1. Acacia Admits That the Only Construction of "sequence encoder" Supported by the Patent Is the "time encoder."

The term "sequence encoder" does not appear in the dictionary and has no well-understood meaning to those of skill in the art connotative of structure. It is a functional term coined by the applicants years after the specification was written and submitted to the USPTO. Indeed, the only mention of the word "sequence" appears in the discussion of the "ordering means," which describes a "time encoder" that performs an algorithm to place information (i.e., formatted data) into a sequence of addressable data blocks. ('702 patent at 7:50-52.)

Acacia does not dispute this fact. It admits "[t]he only sequence encoder disclosed in the specification is the time encoder – no other sequence encoder or sequencing scheme is explicitly disclosed or suggested in the specification." (Pl.'s Br. at 20.) Indeed, Acacia devotes numerous pages of its brief demonstrating how the

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4 Acacia builds up this case as if it turned the law of claim construction on its head. The result in *Phillips* is neither new, nor unusual. In the past, the Federal Circuit has limited the claims to an embodiment disclosed in the specification on the precise grounds of *Phillips*. *See e.g., SciMed Life Sys., Inc. v. Advanced Cardiovascular Sys., Inc.*, 242 F.3d 1337 (Fed. Cir. 2001). Indeed, buried in a later footnote, Acacia trumpets this fact, putting the lie to the argument that *Phillips* somehow represents some new state of the law.

patent cannot support a construction that is broader than "time encoder." (*See id.* at 19-24.) Or as Acacia says, "it is impossible to derive anything else from the specification." (*Id.* at 23.)

Although the parties agree that the only disclosure that even relates to a "sequence encoder" is the "time encoder," the parties propose two vastly different approaches to the construction of the disputed term. Acacia asks the Court to simply replace "sequence encoder" with "time encoder" in all of the claims. Acacia's construction, however, disregards the inventors' intent to claim a broad, albeit unsupported, definition of sequence encoder and the dependent claims specifically directed to the time encoding process. Thus, Acacia's approach should be rejected by the Court.

2. The Inventors Did Not Intend To Limit "sequence encoder" to a "time encoder."

Throughout its brief, Acacia asserts that the inventors intended to limit the scope of the term "sequence encoder" to "time encoder." In an obvious attempt to portray the facts of this case to be "strikingly similar" to the facts of *Phillips*, Acacia points out that the only "sequence encoder" disclosed in the patent is the "time encoder" and that "the inventors described the many benefits and uses of time encoding… ." (*Id.* at 22-23.) However, the claims, specification, and prosecution history of a related European patent demonstrate that the inventors had no such intent.

The first patent application in the Yurt family, filed on January 7, 1991, included the same description of the "time encoder" that appears in the '702 patent. Thus, from the very first filing, the named inventors had used the term "time encoder" to describe a specific function being performed in the transmission system. After nearly a decade had passed and at least three patents in the family had issued, the named inventors submitted claims to the USPTO reciting, for the first time, the term "sequence encoder." Had the inventors intended to limit their claims to "time encoder," as Acacia suggests, they would have simply used that term in the claim.

The fact that they chose to use a different term suggests that they intended a different meaning.

The claims also support this conclusion. Claim 1 of the '702 patent recites "a sequence encoder," but does not indicate the function it performs or how it is connected to the other elements of the claimed transmission system. The inventors included claim 7, which depends from claim 1, to further define the communication system by providing the additional limitation "wherein said sequence encoder transforms digital data blocks into a group of addressable data blocks." The patent indicates that "[t]ime encoder 114 places the blocks of converted formatted information from the converter 113 into a group of addressable data blocks." ('702 patent at 7:57-59.) The patent further states that "[t]he sequence of addressable data blocks which was time encoded and output by time encoder 114 is preferably sent to precompression processor 115." (*Id.* at 8:46-49.) The existence of claim 7 indicates that the inventors intended claim 7 to cover a "time encoder" with its associated algorithm and intended claim 1 to have a broader meaning.

A review of the specification also confirms that the inventors intended a broader meaning. The source material library of the transmission system is disclosed to include various types of information, including still pictures, books, documents, and other physical objects. ('702 patent at 6:7-11.) These types of materials do not contain audio or video information, and thus would have no use for the "time encoding" process. Therefore, limiting "sequence encoder" to "time encoder" would exclude disclosed embodiments of the transmission system.

Moreover, the named inventors explained that the "ordering means" should not be equated to a "time encoder" during the prosecution of a related European patent. In January 1992, the applicants filed a patent application with the European Patent Office (EPO) with claims nearly identical to the '992 patent. Notably, claim 1 of the EPO application, like claim 1 of the '992 patent, included an "ordering means (114), coupled to the conversion means (113) for placing the formatted data into a sequence of addressable data blocks."[5] (Miller Decl., Ex. OO at 171.) The EPO rejected claim 1 for a lack of clarity and support from the written description, and commented:

> "ordering means" – this wording implies some form of rearrangement or shuffling in time of data. In at least some of the embodiments this appears not to be the case – one described technique being the insertion of data corresponding to a time-code … .

Id. at 160.

In response to the EPO's objections for lack of clarity, the applicants explained that the "ordering means" should not be limited to the "time encoder":

> The term "ordering means" is also believed to be clear. Whilst it is true that data may be time stamped, this is only stated to be a preferred embodiment (page 12, line 34). The skilled reader would be able to envisage other means of encoding the data such that "ordering means" could rearrange or shuffle it into a sequence of addressable data blocks. Indeed, it may not even be necessary to encode the data at all. All that is necessary, and as is defined in the claim, is that the ordering means places the formatted data into a sequence of addressable data blocks. We believe that part of the objection arose from the fact that the claims specified "ordering means" which was erroneously labeled "(114)". This is incorrect – the ordering means may simply include, in the preferred form, the time encoding (114). We wish to delete the reference numeral (114) from claims 1 and 12, therefore, and the Examiner is requested to do so in manuscript.

Id. at 136.

The '702 patent claims, the specification, and statements by the inventors all demonstrate the inventors' intent not to limit "sequence encoder" to "time encoder."

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[5] The European Patent Office requires the structures in the claims to be labeled with the corresponding numbers from the patent's figures.

Accordingly, the Court need not and should not rewrite the claims.

3. The Doctrine of Claim Differentiation Instructs Against Reading the Limitation of Claim 7 Into All of the Claims As Acacia Suggests.

As set forth previously, claim 7 of the '702 patent further limits the scope of the claim 1 "sequence encoder" by ascribing the exact function of the "time encoder" disclosed in the patent. Under the doctrine of claim differentiation, each claim in a patent is presumptively different in scope. *Wenger Mfg. v. Coating Mach. Sys.*, 239 F.3d 1225, 1233 (Fed. Cir. 2001). "This presumption is especially strong where there is a dispute over whether a limitation found in a dependent claim should be read into an independent claim, and that limitation is the only meaningful difference between the two claims." *Ecolab, Inc. v. Paraclipse, Inc.*, 285 F.3d 1362, 1375 (Fed. Cir. 2002) ("Because the only meaningful difference between claims 16 and 17 is the limitation ultraviolet light, under the doctrine of claim differentiation, claim 16 does not require ultraviolet light."); *see also Sunrace Roots Enterprise Co. v. SRAM Corp.*, 336 F.3d 1298, 1303 (Fed. Cir. 2003) (rejecting a construction that would render an independent claim redundant).

Here, the only meaningful difference between claim 1 and claim 7 is a recitation of the function performed by the "time encoder" during the time encoding process. Acacia's proposed construction would render claim 7 superfluous, and is therefore improper. *Wenger*, 239 F.3d at 1233.

Indeed, Acacia's strained efforts to equate "sequence encoder" and "time encoder" is nothing more than a naked attempt to save the claim from its readily apparent invalidity. In its brief, Acacia concedes that the term "sequence encoder" is broader than a "time encoder." (Pl.'s Br. at 22) At the same time, Acacia acknowledges that only one embodiment is disclosed—the time encoder. (*Id.*) These concessions render the patent invalid, either under § 112, ¶ 2 for indefiniteness or § 112, ¶ 1, for failure to enable the full scope of the claims.

It is not for this Court, despite the admonitions of the Federal Circuit to attempt to construe claims to preserve validity, to save these claims in the manner proposed by Acacia. The Court should construe the claims as written and find claims 1, 17, 18, and 32 invalid pursuant to § 112, ¶ 2. Further, the Court should construe dependent claims 7 and 33 in accordance with the algorithm of the "time encoder" set forth in the specification.

D. The Court Should Reject Acacia's Broad, Infringement-Inspired Construction of the "popularity code" Limitation.

Acacia's proposed construction of the phrase "wherein said identification encoder allows entry of a popularity code" is so broad and meaningless that it effectively eliminates the limitation from the claim. Acacia's motivation is obvious. Most parties transmitting video and audio on the Internet do not actually use "popularity codes." But Acacia does not let that get in its way. Under the infringement theory Acacia set forth in discovery, the limitation is satisfied by the ability to enter "metadata," which may include a "popularity code," or for that matter, any "code":

> The encoders used to encode video information, such as Windows Media encoder, Real encoder, or other encoders, such as Cleaner, have identification encoders which, in addition to allowing entry of a unique identification code, allows entry of metadata associated with video information. Metadata may include a popularity code, and therefore the identification encoder allows entry of a popularity code.

(Miller Decl., Ex. PP at 462-463.) Acacia's infringement-driven construction is untenable.

The "popularity code" performs a specific function in the disclosed transmission system. According to the patent specification, "[t]he popularity code can be used to determine the most appropriate form of media storage of the compressed data in a mixed media system." ('702 patent at 12:8-10.) "In some cases, where multiple compressed data libraries 118 are organized, the popularity code may dictate the distribution of a particular item to multiple distribution systems." (*Id.* at 12:41-43.) In its brief, Acacia acknowledges that the "popularity code" of the '702 patent actually has a purpose in the transmission system. (Pl.'s Br. at 27.)

Under Acacia's construction, the "popularity code" does not have to enable any function or be used in any way by the transmission system. This limitation would be met, for example, if one could enter "metadata" that includes a movie rating, such as four stars or two thumbs up, the phrase "#1 best seller," or even descriptions like "good" and "bad." Such a result is absurd. A "code" does not become a "popularity code" unless the "code" is used by the transmission system to determine the appropriate location and media format for storage of compressed data.[6]

Accordingly, this limitation should be construed to require that the transmission system (or, as the claim states the "identification encoder" element in the transmission system) is set up to make use of the popularity code, and not simply that one might be able to do so. Consistent with this requirement, as well as the patent specification, the limitation should be construed to mean that "the identification encoder is set up to permit entry of a code that is used by the transmission system to determine the appropriate location and media format for storage of compressed data associated with the code based upon the relative popularity of the compressed data among users of the transmission system.

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[6] Notably, Acacia argued that the "unique identification code" of the '992 patent was a broad term that would "encompass" popularity codes. (Acacia Opp'n Br. at 29.) However, claim 6, which depends from claim 1, requires the identification encoder to "give[] items … a unique identification code" and also to "allow[] entry of a popularity code." Thus, the claims require that a "unique identification code" and "popularity code" be distinct things, and is further proof that Acacia's construction of "unique identification code" is without merit.

E. The Limitation "digital compressor" Should Be Construed As Stated and Is Not Subject to Re-Interpretation By the Court.

The parties agree that a certificate of correction is only effective for causes of action arising after the certificate is issued. (*Compare* Defs.' Br. at 26 *with* Pl.'s Br. at 30.) Thus, if the Court lacks the authority to change the limitation "digital compressor" recited in claim 1 of the '702 patent to "digital decompressor" as urged by Acacia, then the limitation must be construed as issued for all actions arising before April 15, 2003. (*See* Block Decl. Ex. 20.) Acacia's own arguments that "nowhere in the '702 patent is an embodiment described in which a compressor is located in the reception system" and that the inclusion of the word "compressor" as a limitation in claim 1 of the '702 patent "would make no sense," only serve to confirm that if the Court rejects Acacia's request to rewrite claim 1 of the '702 patent, the claim is invalid. (Pl.'s Br. at 31.) "Where it would be apparent to one of skill in the art, based on the specification, that the invention set forth in a claim is not what the patentee regarded as his invention, we must hold that claim invalid under § 112, paragraph 2." *Allen Eng'g Corp. v. Bartell Indus, Inc.*, 299 F.3d 1336, 1339 (Fed. Cir. 2002).

Whereas corrections issued by the Patent Office are effective only as of the date of the issued certificate of correction, corrections made by a district court are retroactive—given effect as though made on the date the patent issued. *Novo Industries, L.P. v. Micro Molds Corp.*, 350 F.3d 1348, 1357 (Fed. Cir. 2003). Because there are serious public notice implications where retroactive effect is given to changed patent claims, the Federal Circuit, while not completely eliminating the district court's authority to correct errors in a patent, strictly circumscribed the types of corrections the district court may make. As articulated in *Novo*, the district court may correct only ***minor*** errors in a patent and may only do so if the following two conditions are met: "(1) the correction is not subject to reasonable debate based on consideration of the claim language and the specification and (2) the prosecution history does not suggest a different interpretation of the claims." *Novo*, 350 F.3d at 1357.

While Acacia quotes the *Novo* two-prong test set forth above, it fails entirely to cite the *Allen Eng'g* case, and then wrongly contends that the *Novo* test can be applied to "major errors." (Pl.'s Br. at 30.) Acacia's attempt to convey additional authority to the district court is incorrect and is inconsistent with its concession that 35 U.S.C. § 255 does not convey unlimited authority to make corrections even to the PTO, which Acacia argues may itself only correct "***minor*** errors made by the applicant." (*Id.* at 30) (emphasis added). Certainly, *Novo* cannot be read to hold that the district court has greater authority to issue corrections than the PTO. In fact, *Novo* makes clear that the opposite is true. 350 F.3d at 1356 ("Although we conclude that Congress intended to preserve the authority of the district courts to correct errors, we do not think that Congress intended that the district courts have the authority to correct any and all errors that the PTO would be authorized to correct under sections 254 and 255.")

In seeking to expand the *Novo* holding in this way, however, Acacia implicitly concedes, as it must, that the error in the '702 patent is a **major** error, albeit one within the authority of the PTO to correct. Acacia's subsequent suggestion in its brief that the error in the '702 patent is a mere "typographical/clerical error," is belied by Acacia's own conduct following the issuance of the '702 patent. If, indeed, the error in the '702 patent was trivial there would have been no need for Acacia to seek a certificate of correction—Acacia could have simply relied upon a court to make the correction if the patent was ever the subject of litigation. That Acacia sought the certificate long after it filed suit against dozens of defendants, when, if what Acacia argues is true, the error was subject to a correction by the district court, makes clear that even Acacia did not believe the error to be within the district court's authority to correct. Moreover, if the error in the '702 patent actually was an obvious typographical error as Acacia now contends, then why did Acacia—a plaintiff that purports to have conducted extensive diligence on its patents before asserting them—wait until December 12, 2002, more than two years after the '702 patent issued to seek a certificate of correction?

Quite clearly, the error in claim 1 of the '702 patent is not trivial, inconsequential, or obviously recognized. If it were, the Patent Office would have refused to grant Acacia's request for a certificate of correction. *Novo*, 350 F.3d at 1356 ("At the same time, the PTO properly refuses to correct truly minor errors in the section 255 process … Mistakes which are too trivial, inconsequential, or obviously recognized will not warrant the issuance of a certificate of correction."). In fact, the error in the '702 patent is far more significant than the error in the patent at issue in *Novo*. There, the limitation in question was "stop means formed on *a* rotatable with said support finger." *Id.* at 1352 (emphasis added). The district court corrected this error by replacing the word "a" with the word "and" believing the error to have been an "obvious typographical error." *Id.* at 1353. The Federal Circuit reversed, finding that the district court went beyond its authority and held the claim invalid as indefinite. *Id.* at 1358.

The Federal Circuit in *Allen Engineering* also refused to change the word "perpendicular" in the claim limitation "its gear box only in a plane perpendicular to said biaxial plane" to the word "parallel," and held the claims that included this limitation invalid as indefinite. *Id.* at 1359. The Federal Circuit rejected the patentee's argument that even though one of skill in the art would understand that the term "perpendicular" in the claims should be read to mean "parallel," the claims nonetheless could not be corrected because "[i]t is not our function to rewrite claims to preserve their validity." *Id.*; *Chef America, Inc. v. Lamb-Weston, Inc.*, 2004 WL 315222, *4 (Fed. Cir. 2004) (refusing to rewrite unambiguous claim language by replacing the word "to" with the word "at" to conform to patentee's intent).

By the same token, it is not this Court's function to rewrite the claim limitation "compressor" as "decompressor," to save claim 1 of the '702 patent from invalidity for causes of action arising before April 15, 2003. In fact, Acacia's arguments that the error is obvious only serves to undermine its claim that this Court should rewrite it. The Court in *Allen Engineering* rejected this very argument—"it is of no moment that the contradiction is obvious: semantic indefiniteness of claims 'is not rendered unobjectionable merely because it *could* have been corrected.'" *Id.* (emphasis in original). In fact, it is precisely because such errors *can* be corrected (by the PTO) that the Federal Circuit is unsympathetic to patentee arguments that their claims *should* be corrected (by the courts). "Moreover, it does not seem to us to be asking too much to expect a patentee to check a patent when it is issued in order to determine whether it contains any errors that require the issuance of a certificate of correction." *Southwest Software, Inc. v. Harlequin Inc.*, 226 F.3d 1280, 1296 (Fed. Cir. 2000); *Superior Fireplace Co. v. Majestic Products Co.*, 270 F.3d 1358, 1373 (Fed. Cir. 2001). Acacia was free to ask the Patent Office to correct the error in claim 1 at any time after the patent issued on November 7, 2000. That it failed to do so for more than two years after the '702 patent issued, and then only after suing dozens of companies, suggests either that the error is not as obvious as Acacia would have the Court believe or that Acacia failed to diligently review the patents it now contends is infringed by nearly every communication industry in the country.

F. The Court Should Construe "transceiver" to Mean a Combination of a Transmitter and a Receiver in a Common Housing that Users Common Circuit Components for Both Transmitting and Receiving.

There is no apparent dispute between the parties that the ordinary meaning of the claim term "transceiver" is at least "a device that is capable of both transmitting and receiving data." It is axiomatic that such a device must contain both a transmitter and a receiver, which comports with Defendants' proposed construction. Given that the parties also appear to agree that a transceiver is a single device, there is also no apparent dispute that the transmitter and receiver that comprise the transceiver must share a common housing, even though Acacia's proposed construction omits this obvious and inherent limitation. (*See* '702 patent at FIGS. 2b, 6) (illustrating the transceiver as a single box). Where the parties' proposed constructions diverge is in the requirement that the transmitter and the receiver use some common circuit components.

Apparently ignoring its own exhortation that during claim construction the litigants must "be fair with the facts," Acacia quotes in its opening brief the portions of select dictionary definitions for the term "transceiver" that it favors, and omits, without comment, those portions of the dictionary definitions it dislikes. For example, Acacia conveniently omits from its quotation of the *Dictionary of Information Technology*, the first definition of the term "transceiver"—"a radio transmitter and receiver unit in one housing and employing some common circuits, normally used for portable or mobile operations," a definition that is fully in accord with Defendants' proposed construction. (*See* Pl.'s Br. at 26; Block Decl. Ex. 17.) Acacia also ignores the first definition of "transceiver" provided by the *IEEE Standard Dictionary of Electrical and Electronics Terms*, 6th Ed.[7]—"The combination of radio transmitting and receiving equipment in a common housing, usually for portable or mobile use, and employing common circuit components for both transmitting and receiving"—which is also fully in accord with Defendants' proposed construction, in favor of a portion of the third definition provided by that reference. (Pl.'s Br. at 26; Block Decl. Ex. 19.) Acacia also omits from its citation to the *Dictionary of Computing* the third sentence in the definition—"Many communication devices, including *modems, codecs, and terminals, are transceivers." (Pl.'s Br. at 26; Block Decl. Ex. 18.) Modems, an acronym for modulator/demodulator, and codecs, an acronym for coder/decoder, are devices that perform two functions using shared circuitry. Notably, Acacia also failed to mention that in *Inline Connection* the court cited the entire definition of the term "transceiver" found in the *Dictionary of Computing* when it construed "transceiver" as having its ordinary meaning. *Inline Connection Corp. v. AOL Time Warner, Inc.*, 302 F.Supp. 2d 307, 325 n.79 (D. Del. 2004). Unlike the defendant in *Inline Connection*, Defendants urge the Court to adopt the ordinary meaning of the "transceiver" and by the same token reject Acacia's call to adopt a partial definition of the term.

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[7] Acacia's reliance on the 6th Edition of this dictionary, which is copyrighted 1996, is misplaced given that it was published more than 5 years after the priority filing date of the '702 Patent. *Brookhill-Wilk 1, LLC v. Intuitive Surgical, Inc.*, 334 F.3d 1294, 1299 (Fed. Cir. 2003). Notably, Acacia was content to use the 5th Edition of this dictionary in its previous claim construction briefs. Regardless, the primary definition provided by the later edition is identical to the definition provided by the 5th Edition.

G. The Court Should Construe "temporary storage device" to Mean a Device that Stores Electronic Data that can be Overwritten.

In the context of data transmission, one of skill in the art would understand that a temporary storage device is a device in which data may be stored on an impermanent basis. Unlike a permanent form of data storage such as a CD-ROM disk, a temporary storage device may take the form of a hardware buffer, cache, or hard disk drive. As such, the distinction between temporary storage and permanent storage is the ability of the former to permit data to be overwritten.

Acacia proposed construction—"a device into which data may be placed, retained for a limited time, and retrieved," (Pl.'s Br. at 28-29.) while not appearing significantly different than that proposed by Defendants, is so amorphous as to be unhelpful. For example, what is "a limited time"? Does the phrase "a limited time" provide the jury with any more guidance than the word "temporary"? In comparison to the age of the earth, a limited time could be a million years. In this admittedly extreme example, there would be no practical difference between temporary and permanent storage, and the limitation would be rendered a nullity. Defendants' practical construction of this limitation provides the jury with a useful distinction between the two forms of storage device.

H. "Ordering Means": The Court Should Find the Corresponding Structure to Be the Time Encoder With Its Associated Algorithms.

In construing the "ordering means" limitation of the '992 patent, Acacia wrongly contends that the function of "placing items into a sequence of addressable data blocks" is limited to placing time markers on data. (Pl.'s Br. at 34.) Indeed, the applicants argued during the prosecution of the European counterpart to the '992 patent:

> Whilst it is true that data may be time stamped, this is only stated to be a preferred embodiment (page 12, line 34). The skilled reader would be able to envisage other means of encoding the data such that "ordering means" could rearrange or shuffle it into a sequence of addressable data blocks. Indeed, it may not even be necessary to encode the data at all. All that is necessary, and as is defined in the claim, is that the ordering means places the formatted data into a sequence of addressable data blocks.

(Miller Decl., Ex. OO at 136.)

Consistent with the applicants' statement to the EPO during the prosecution of the identical limitation, and as set forth in Defendants' briefs for the '992 patent, the Court should construe the function to mean placing the formatted data into a continuous series of memory units that contain digital information that can be given an identifier.

As for the corresponding structure of the "ordering means," the parties agree that the "time encoder" is the only "structure" that corresponds to the recited function. Although "time encoder" is another coined term that does not have a well understood meaning connotative of structure, the patent remedies the deficiency by providing an algorithm that the "time encoder" must perform consistent with *WMS Gaming*.

The algorithm set forth in the patent includes receiving a series of digital data bytes that represent mixed video and audio data. ('702 patent at 8:7-19.) Once received, the "time encoder" converts the series into a "sequence" where all the video data is grouped together starting from the first frame to the last frame, and all of the audio data is grouped together starting with the first and ending with the last sample of audio data. (*Id.*) Once the data is "sequenced" into this continuous series of data bytes, the function has been performed, and the "time encoder" places time markers on the video frames and audio samples. (*Id.*)

In Acacia's construction, the algorithm of the corresponding structure involves only "assigning relative time markers to data prior to subsequent compression." (Pl.'s Br. at 35.) Acacia ignores the first steps of the algorithm in which the audio and video data is actually placed into a sequence of addressable data blocks. ('702 patent at 8:7-19.) Indeed, merely assigning time markers does not "place formatted data into a sequence of addressable data blocks."

Accordingly, the Court should find the structure that corresponds to the function of the "ordering means" to be "a time encoder that receives a series of data bytes that represents audio and video data, wherein the audio and video data is commingled in the series, and placing the audio and video in a sequence where all of the video data is in a group, starting with the first and ending with the last frame of video, and all of the audio data is in a group, starting with the first and ending with the last sample of audio data. In an additional embodiment, time markers are placed on the video frames and audio samples.

III. CONCLUSION

For the foregoing reasons, Defendants request that the Court construe the disputed claim limitations as requested herein.

Dated: May 13, 2004

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CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing DEFENDANTS' RESPONSIVE CLAIM CONSTRUCTION BRIEF REGARDING UNITED STATES PATENT NO. 6,144,702 was served on this date upon all counsel of record as follows:

Via United States District Court, Central District of California, Electronic Case Filing Program, by uploading the electronic files for the above listed document.

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/s/
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